



Keep Money for VTA Capital Projects

Posted by [Pierluigi Oliverio](#) on Monday, December 15, 2008

Last week, I attended the Valley Transportation Authority (VTA) Policy Advisory Committee at the VTA headquarters on North First Street. This advisory committee is not the official VTA governing board you hear about, but a committee “underneath” the governing board which has a representative from each city in Santa Clara county.

At this meeting, Joseph T. Smith, the Chief Financial Officer (CFO) of VTA, spoke to the committee about the VTA budget. As we knew, and he explained further, VTA derives much of its revenue from a sales tax. And because the recession has knocked consumer and corporate spending to the ground, less sales tax revenues are being generated for government bodies like VTA. He is forecasting decreased sales tax revenues in 2009—down 3 percent.

Smith predicted that sales taxes will increase by 5 percent in 2010. I think the 2010 predictions may be a bit rosy so I will set a date in my BlackBerry two years out to see if he is correct on that forecast. Coincidentally I set another date in my BlackBerry for VTA’s GoLive date on their \$3 million plus SAP ERP software upgrade. VTA already spent \$30 million on this software, before even starting the current software upgrade. I believe these type of multi-million dollar technology decisions are problematic, because I believe we should do a better job of managing budgets, and doing a better job of cost avoidance when it comes to technology.

The CFO continued on that 80 percent of the VTA budget is personnel costs. To do that, some people said that perhaps we should take money from the reserve fund. However we, are not sure how much worse the economy may become, so taking funds from reserves may be unwise.

VTA would like to keep its current personnel to maintain services instead of looking at ways to provide services differently. That means we are not going to cut costs, but just spend money. As a result, Smith told the committee, the plan is to take money from capital funds to fund daily operations. Capital funds pay for capital projects like the

light rail extension to Eastridge or the electrification of Caltrain among many others. To me, taking money away from the capital projects seems shortsighted.

I am not sure how you feel, but I am leery of taking money from capital funds to pay for operations. What are your thoughts?

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